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C O N F I D E N T I A L BANGKOK 001317

SIPDIS

FOR D - DEPUTY SECRETARY ZOELLYCK
FOR E - UNDER SECRETARY SHINER
FOR EAP - ASSISTANT SECRETARY HILL
DEPARTMENT PASS USTR FOR AMBASSADOR PORTMAN
FROM THE AMBASSADOR

E.O. 12958: DECL: 03/03/2016

TAGS: [ETRD](#) [TH](#) [US](#) [FTA](#)

SUBJECT: THAILAND'S POLITICAL CRISIS AND THE FTA

Classified By: Ambassador Ralph L. Boyce. Reason: E.O. 12958, 1.4 (b) and (d)

1. (C) With Prime Minister Thaksin's February 24 dissolution of the Parliament and the calling of elections, our FTA with Thailand is on hold. That may not be all bad: the FTA was the one American component of the increasingly vociferous anti-Thaksin campaign here, and the negotiations hiatus has removed it (and the US) from the political line of fire. The FTA is parked in what we believe to be a safe place: what had been daily local media reports detailing one or another dire threat posed by the FTA have now disappeared. We also are close to finalizing arrangements for an indefinite continuation of benefits provided to US investors under our Treaty of Amity and Economic Relations (AER). Keeping the FTA "on hiatus" is essential to this. Considering the circumstances, this is a good outcome -- better than many possibilities we had feared.

2. (C) Thailand's political crisis continues to evolve in unpredictable ways. The most probable scenarios, however, suggest that the current hiatus in the FTA talks may prove an extended one. We suspect that there are many within the RTG who breathed a sigh of relief when the calling of elections provided a neat, procedural excuse to suspend talks. Questions over the viability of the FTA extend well beyond the interruption caused by the elections. The FTA is closely associated with Thaksin, and as opposition to the PM has mounted, attacks on the FTA have become ever more strident. Judging from media coverage, the FTA has now become intensely unpopular. FTA supporters have either gone underground or (sensing the political winds) switched sides. In his currently embattled state, we wonder if Thaksin will be quick to resume talks even if circumstances were to permit. The main opposition Democrat Party, while being careful not to condemn the FTA outright (it supports the FTA in principle but criticizes certain provisions, e.g., intellectual property, and the current government's handling of the negotiations), may also find the FTA too radioactive to deal with in the event the party wins office.

3. (C) The main reason for this negative atmosphere has been the almost complete failure of the Thai Government to explain to the public the need for, and benefits of, an FTA with the US. The RTG has belatedly recognized the need for public consultation, but this project will be doubly difficult given that so many already have formed their views. The pro-FTA forces have one great advantage, however: there is a compelling argument that the FTA will be good for Thailand, boosting employment and incomes. The FTA is a very good message, and in the hands of an effective messenger addressing an open-minded audience it is likely to eventually gain the upper hand. But this eventuality is likely to take time.

4. (C) In the meantime, what should we do? The sidelining of the FTA should lower the temperature of what had become a white hot issue. Our launch of FTA talks with other countries in the region will serve to educate the Thai public (and political parties) on the relationship between trade and investment liberalization and maintaining Thailand's competitiveness. At some point, the politics will calm down, permitting a fresh look at the FTA.

5. (C) Aside from the FTA's close association with Thaksin, the issue that did the greatest damage to the FTA's prospects was enhanced IPR for medicines -- particularly those for HIV/AIDS -- and its possible effect on prices. What we needed to effectively counter the large numbers of demonstrators (most of whom were HIV/AIDS sufferers) were clear, direct answers to their concerns. The ability to make a plain, unqualified statement that the FTA would not affect Thailand's ability to access essential medicines to treat HIV/AIDS at an affordable price would have been extremely helpful. Such a statement by a high-level US official at the outset of any future FTA talks will likely prove useful -- perhaps decisive -- in jumpstarting such talks, setting them in a very different and more favorable light. It would be infinitely more helpful than having such a position as a negotiated outcome at the conclusion of the FTA negotiations.

16. (C) I urge you not to give up on Thailand. The original vision of the FTA, with its promise of gains for both of our economies, remains valid. That's why we are convinced that conditions eventually will permit negotiating comprehensive trade and investment liberalization with Thailand. We look forward to that opportunity.

BOYCE